UPDATE NOTE FY22
Euronext Growth Milan

Gibus®

FY22 results outperforming estimates, some slowdown expected for FY23

Sector: Manufacturing - Italian Lifestyle

FY22 Strong organic top-line growth (+15% YoY) further boosted by M&A. Gibus released its 2022 full year results with revenues of Euro 84 m, above our expectations at Euro 80 m and driven by strong organic sales (+10% YoY) and the contribution of the Leiner acquisition for the last three months of the year (Euro 4.1 m). In the domestic market, which still benefitted from the Ecobonus and related "50% invoice discount", the Group recorded revenues of Euro 62 m, +15% YoY. Sales abroad, which was boosted by the contribution of Leiner, enjoyed +16% YoY growth and landed at Euro 21.8 m (-6% organic growth). In terms of product lines, the Luxury High End lines continued to drive the revenue increase with +8% YoY. Good performance also for the Design line which posted revenues of Euro 40.6 m, +12% YoY. Leiner contributed with Euro 4.1 m of which Euro 0.8 m from the fully owned B2B focused subsidiary (catering and hotel) Schirmherrschaft Vertebrs. On a pro-forma basis, including Leiner for the full 12 months, revenues came in at Euro 111.8 m with a Euro 32 m contribution from the acquired group, 45% of total pro-forma revenues were realized outside the domestic market. Consolidated EBITDA was of Euro 19.0 m, +4% vs. last year (Euro 18.2 m) and significantly above our estimates (Euro 14 m) following the higher sales volumes and higher-than-expected EBITDA margin at 23% (18% as of our estimates and 25% in FY21). This was achieved thanks to an improvement by 50 bps in industrial margin as the Group managed to contain the increase in the prices of raw materials while implementing an efficient pricing policy. Net Income stood at Euro 10.3 m, after D&As of Euro 3.1 m (up from Euro 2.0 m in FY21 mainly as a result of the acquisition), Euro 0.6 m of M&A related extraordinary costs and financial income of Euro 2.1 m. On the balance sheet, the Group presented a Net Debt of Euro 22.6 m (Euro 25 m as of our estimates), from a position of Net Cash of Euro 17.3 m in FY21 as the result of the Leiner acquisition. Management has proposed to offer a dividend of Euro 0.5 p.s. (pay-out ratio of 17.5% and dividend yield of 3.6% on current share price).

Positive outlook confirmed but some expected slowdown in FY23. We confirm our positive outlook for Gibus and continue to appreciate the equity story of continuous growth (25% 18-22 CAGR), leading position in a niche market and execution of well-defined strategic guidelines based on international expansion, product development and brand awareness. We also believe that the new Group is well positioned to benefit from an improved geographical presence through the acquisition of Leiner, which also offers potential synergies in terms of costs and revenues. However, while organic growth in the domestic market continued to benefit from the 50% invoice discount in FY22, international markets started to see a slowdown following international turmoil with increased interest rates affecting consumer behaviour in the short term. Given the above and following the unexpected abolition of the 50% invoice discount mechanism in February 2023 (the Ecobonus however remains in place until 2024 and Management stressed that they are studying alternative financial solutions to compensate) we revised our sales and profitability assumptions for FY23-24. We assume a contraction in organic growth in FY23 (-18% vs, +2 pr) however offset by the consolidation of Leiner for the full 12 months (+9% YoY on a consolidated basis). Overall, we expect sales in FY23 to reach Euro 92 m (Euro 115 pr.) with a recovery in FY24 to Euro 97 m (+5%). Regarding profitability we adjusted our EBITDA margin only to consider the lower sales volumes (FY23 EBITDA margin of 116.5% vs. 18.0% pr), as our previous estimates already factored in the lower profitability of Leiner which we however expect to improve progressively following full integration and alignment to Gibus standards and synergies. On the balance sheet we only made some minor adjustments to our assumptions reflecting FY22 actual results.

Valuation update. Following our new estimates and the update of market data and risk-free rate, our valuation model (50%/50% DCF and peers' multiples) point to a new target price of Euro 22.74 P.S., +72% above the current share price. The stock is currently trading at significant discount both vs. Industry peers (average of -31%) and EGM sector peers (average -47%). At our valuation the stock would be trading at FY23/24 EV/EBITDA and P/E multiples of 9.0x/7.6x and 15.3x/13.1x respectively.

Target Price 22.74 (27.04 pr.)

Market Cap (€ m) 66
EV (€ m) 89
Market Price (€) 13.20

As of April 19th 2023

Share Data

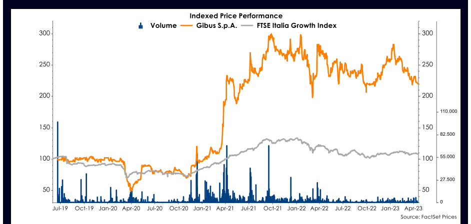
Market	Euronext Growth Milan
Reuters/Bloomberg	GIBUS:IM/CBUS.MI
ISIN	IT0005341059
N. of Shares	5,008,204
Market	20.05%
Main Shareholder	Terra Holding S.r.l. (79.95%)
CEO	Alessio Bellin

Financials

	22A	23E	24E
Sales	83,9	91,7	97,1
YoY %	15%	9%	6%
EBITDA	19.0	15,1	18,0
EBITDA %	22,5%	16,5%	18,5%
EBIT	15,2	11,2	13,4
EBIT %	18,1%	12,2%	13,9%
Net Income	10,3	7,4	8,7
Net D/(C)	22,6	22,8	25,7
Net Equity	34,5	39,4	46,2

Performance

	1M	3M	1Y
Absolute	-4%	-15%	-17%
Relative (FTSE Italia Growth)	-5%	-13%	-6%
52-week High/Low (Eu)			



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